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C O N F I D E N T I A L SECTION 01 OF 02 SOFIA 000499

C O R R E C T E D C O P Y (FORMATTING)

SIPDIS

FOR EUR A/S GORDON, DOD FOR ASD VERSHBOW, TREASURY FOR A/S
COHEN, NSC FOR SENIOR DIRECTOR SHERWOOD-RANDALL AND
DIRECTOR SCHLICKENMAIER FROM THE CHARGE

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SUBJECT: BULGARIA: THE FUTURE IS NOW

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Classified By: CDA John Ordway for reasons 1.4 (b) and (d).

11. (C) SUMMARY: A month in office, PM Borissov and his team are showing the political will and determination needed to attack endemic corruption, restore public confidence, and conduct a U.S.-friendly foreign and security policy. Not one to let either a good crisis or a good scandal go to waste, Borissov is unearthing the corruption of the previous government while using crisis-driven budgetary constraints to set the stage for significant reforms in public administration. Blessed in these early days with public approval that has only grown since the election and confronting an opposition that is fractured and weak, Borissov has - for the moment - carte blanche to proceed with his ambitious plans. His ministerial team is unusually capable and exceptionally well-disposed to the U.S. Borissov himself craves attention and approval from the U.S., even though his most important task is to restore Bulgaria's rotten reputation in Brussels and thereby assure the continuing flow of vital EU funding. Our influence, however, is profound and a modest application of high-level attention combined with highly targeted technical assistance will pay big dividends. Bulgaria remains an important Euro-Atlantic security partner and a major player on the Eurasian energy scene. Of equal strategic importance, EU expansion to the western Balkans and Turkey will be "off the agenda" if Bulgaria (as well as Romania) does not successfully make the transition to full EU membership in fact as well as name.
END SUMMARY.

12. (C) Over the past few weeks, I have met with Prime Minister Borissov and most of the team he has brought into government. I have been uniformly impressed by the skill, determination, and vision they bring to what is a daunting task. Although Borissov has had his own questionable associations, he clearly recognizes that he was elected on the promise of cleaning out the highly visible criminal elements that prey on society, and reversing a pattern of public corruption that was barely concealed toward the end of the previous government. And if public expectations were not motivation enough, Brussels' decision to suspend critically important funding for infrastructure and other projects in the midst of a financial crisis and looming budget deficit takes the pressure to an even higher level. In the short run, Borissov's strong public support, which has only grown since election day, should make it fairly easy for him to get

the few additional votes he needs in Parliament to get key legislation approved.

13. (C) Job one is fighting organized crime and corruption. Borissov told me that he needs support from the U.S. in this area that is both visible and real. Later this month, we will be sending a five-person delegation headed by Deputy Prime Minister and Interior Minister Tsvetanov to Washington. The group includes the Justice Minister, Procurator General, and the head of the national security agency. While the visit will have a practical focus on inter-agency strike forces, asset forfeiture and prosecution techniques against organized crime and public corruption, pictures on Bulgarian television of the group with the Attorney General, the Director of the FBI and the DEA Administrator will have even greater political significance here - and will underscore our support for Borissov's agenda in this area. While I have concerns about the capacity of Bulgarian law enforcement and the judiciary to deliver over the next year or so, and doubt that many powerful oligarchs will be taken down, political will has never been more real. Now is the time to provide visible public support for this new agenda and to focus on continuing and improving our existing initiatives in the rule-of-law area.

14. (C) From the U.S. perspective, the changes in the leadership of the Defense Ministry may be even more significant. The new minister, Nikolay Mladenov, is western educated and oriented and determined to wrench the defense establishment into the modern era. He faces a gargantuan task of getting a handle on the totally opaque defense budgeting process and focusing procurement on acquiring military capabilities that the country needs and can afford. This will require breaking an entrenched, insider-dominated and corrupt acquisitions process. Mladenov, who has hands-on experience working for U.S. NGOs in Iraq and Afghanistan,

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understands the need and value of continuing the close defense relationship with the U.S. as well as the Bulgarian deployment in Afghanistan. I strongly recommend that Under Secretary Flournoy set aside some time for a separate bilateral program with Mladenov and other key officials prior to the SEDM ministerial in Sofia next month.

15. (C) It has long been an axiom of U.S. foreign policy that the prospect of EU membership is the greatest incentive for stability, security and reform in the western Balkans. The incentive of EU membership for Turkey is arguably even more important. While continued EU expansion is far from a given in either case, it certainly will not happen if Bulgaria and Romania are seen as expansion "failures." In the case of Bulgaria, "success" means actually implementing the billions of euros of EU projects currently on the books, and ending the waste and corrupt diversion of cash and contracts. Time is short, but there is a palpable sense of energy at the ministerial level as they set out to accomplish this. Past experience suggests that we should keep our optimism firmly in check, but Borissov has assigned his ministers authority and responsibility while simultaneously setting up a coordination and review unit that will report to him on a daily basis.

16. (C) While Brussels and the EU supply the cash, the U.S. has a remarkable degree of influence here that we should not hesitate to utilize to the fullest. It strikes me that this will require a three-pronged approach.

First, we need a modicum of high-level engagement and support for this new course. While the USD (P) visit to Sofia and the high-level law enforcement visit to Washington offer more in-depth possibilities, photo-ops and pull-asides will provide a lot of Bulgarian bang for not a lot of American bucks. Although we are not in a position to repeat the POTUS and Secstate visits of the last couple of years, Borissov (and his opponents) will be quick to perceive cold shoulders

even if our intentions are exactly the opposite.

Second, we need to continue the vigorous (and low-cost) programs that keep us engaged in the law enforcement and rule-of-law areas. This is not a long-term commitment: the Bulgarians will reach escape velocity in the next year or so - or not. In either case, at that point we will have enough evidence to assess what return we are getting on our investment, and plan future programs accordingly.

Third, we need solid engagement with the military. This is the area where Washington, not Brussels, is the driving force. In fact, Bulgaria has been a pretty reliable ally over the past few years, especially with its deployments to Iraq and Afghanistan - in the latter case without any of its own caveats, incidentally. The most immediate need here is to find the funding to continue assisting with defense reform planning and implementation. The new minister is ready to totally embrace the reform concept that DOD has developed for and with the Bulgarians. He wants to move this quickly from concept to implementation but tells us he needs our support to continue into the next phase.

17. (C) I've spent the last fifteen years in post-Soviet countries where we have made big investments in the future with our assistance programs and educational exchange programs. For the first time I'm in a country where the future is now - and it's not just one or two outstanding individuals but an entire team that looks like it was designed and educated in the U.S. They are facing tough tasks and long odds of success. If we can improve the odds - and I think we can - now is the time to act.
ORDWAY